AMHC Alberta Mortgage and Housing Corporation

1984-85 ANNUAL REPORT

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Preface

Alberta Mortgage and Housing Corporation was created on August 1, 1984, following a review of the Alberta Housing organization. The corporation incorporates the merger of Alberta Housing Corporation and Alberta Home Mortgage Corporation.

The mission statement for the total Alberta Housing organization, which includes the Department of Housing and Alberta Mortgage and Housing Corporation, is "to facilitate and assist in the provision of adequate and affordable housing for Albertans with particular emphasis upon low and moderate income families, senior citizens and the hard-to-house."

The mission statement for Alberta Mortgage and Housing Corporation is "in support of the total Alberta housing and ministerial mission, to effect the provision of affordable, modest-quality accommodation for identified groups and individuals by developing, financing, maintaining and managing housing and land and providing loan insurance."

1984-85 ANNUAL REPORT

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Cover Photo:
Albert Jones, volunteer senior, Operation Friendship. AMHC develops innovative housing projects for Albertans with special needs. Operation Friendship's unique facility will provide accommodation for up to 40 seniors, 55 years of age or older. The facility also contains a drop-in-centre for seniors in the area, and the social service offices of Operation Friendship.

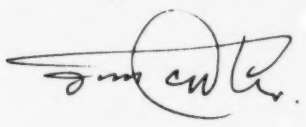
Letters of Transmittal

To The Honourable Larry R. Shaben
Chairman, Board of Directors
Alberta Mortgage and Housing Corporation

Sir:

I have the honour to submit the annual report of the Alberta Mortgage and Housing Corporation.

I have the honour to be, Sir,
Yours truly,



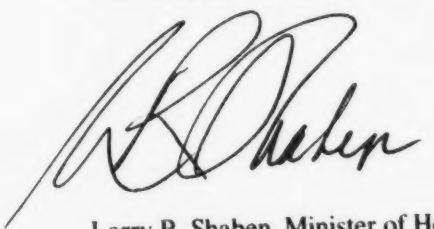
Joseph M. Engelman, President
Alberta Mortgage and Housing Corporation

To Her Honour The Honourable
Helen Hunley, Lieutenant-Governor
of the Province of Alberta

Your Honour:

I respectfully present, for the information of Your Honour and of the Legislature of Alberta, the annual report of the Alberta Mortgage and Housing Corporation, covering the period from April 1, 1984 to March 31, 1985.

I have the honour to be,
Your obedient servant,



Larry R. Shaben, Minister of Housing
Chairman
Alberta Mortgage and Housing Corporation

Alberta Mortgage and Housing Corporation

Message from the Chairman

During the 1984-85 operating year, the Alberta government improved the delivery of housing services to Albertans, through a re-definition of the role of Alberta Mortgage and Housing Corporation and the Department of Housing. The targeting of housing programs was further clarified at the inter-governmental level through the dialogue and co-operation of the federal and provincial governments.

We are already seeing better understanding by Albertans of the role and functions of the Department of Housing and the new corporation, since its creation on August 1, 1984. The transfer of responsibility for the Rural Emergency Home program to the Department of Housing on January 1, 1985, means that the Alberta government's three major rural housing programs -- the Rural Home Assistance, the Rural and Native Housing, and Rural Emergency Home programs -- are now being handled out of the Department of Housing's regional and local offices.

Larry R. Shaben, Minister of Housing

The mandate of Alberta Mortgage and Housing Corporation is to assist low and moderate income Albertans in obtaining affordable housing. Assistance is provided through development, financing, management and maintenance of land and housing programs, and the provision of loan insurance on mobile home loans. This mandate enables the corporation to provide services that are in tune with changing times. The corporation is able to be more responsive to market conditions and housing needs as a result of the creation of a senior-level Policy and Planning Co-ordinating Committee, and Planning Secretariat. Together they ensure more focused planning, policy development, and greater co-ordination between Alberta Mortgage and Housing Corporation and the Department of Housing.

The corporation looks for innovative solutions to housing needs, beyond the primary lending and development emphases of the two former corporations. The new Rent Supplement-Private Landlord program is a good example. Through this program, municipalities with short-term social housing requirements will be able to use existing private-sector units with the same level of federal-provincial government support as the Community Housing program.

At an inter-governmental level, the groundwork was established during the past year for the development of a global agreement that will result in better targeting and co-ordination of federally and provincially cost-shared programs. Important support for local governments came with the Alberta government decision to pay grants-in-lieu of taxes to municipalities providing services to senior citizen apartments. Alberta municipalities are expected to recover $4.4 million in grants-in-lieu of taxes in 1985/86. The corporation expects to pay about 80 percent of this amount through the Senior Citizens' Self-Contained program.

The year 1985 marked the 25th anniversary of lodges in Alberta. This occasion provides the opportunity to recognize the impressive contribution made by Municipal Foundations to the quality of life of Alberta senior citizens. The dedication of Municipal Foundations, Housing Authorities, and sponsor groups was again evident during this past year in their successful management of seniors' and community housing projects throughout the province on behalf of the corporation.

With a new definition of the role of Alberta's two housing agencies clearly in place, the provincial government will continue to look to the people of Alberta for further dialogue on the direction of housing in our province.

Message from the President

Alberta Mortgage and Housing Corporation established its foundation for the future during its first year of operations. The first task of the new corporation was to structure an organization which could offer the same services that were available through AHC and AHMC. Accordingly, Alberta Mortgage and Housing Corporation administers: a limited direct lending function; a $2.7 billion loan portfolio on some 62,000 single-family and multi-family housing units; the provision of loan insurance on mobile home loans through private sector lenders; the development of social housing as required; property management services to volunteer management agencies responsible for approximately 30,000 housing units province-wide; and the direct management of market rental units.

On January 1, 1985, the corporation's land and housing and mortgage lending services were decentralized to seven regional offices located strategically throughout the province. This move makes the corporation more accessible to the mortgagors, lenders, renters, developers, municipalities, and volunteer management agencies whom we serve. It specifically provides a new level of service for sponsor groups, Municipal Foundations and Housing Authorities, which were formerly serviced out of the Edmonton and Calgary offices.

This past year's accomplishments reflect the commitment of our employees, who recognized that a Crown corporation must respond to the changing needs of the people we serve. The corporation's strength lies in the contribution of these employees as they respond to new responsibilities.

Alberta Mortgage and Housing Corporation provided a full range of housing services during its first year of operations. Most direct lending was targeted to smaller centres where conventional loans can be difficult to obtain. This included over $39 million in 831 homeownership loans under the Alberta Family Home Purchase program, $18 million in 283 Rural and Native mortgages, and over $2.7 million in direct financing to developers of 94 rental housing units and 49 mobile home park stalls in smaller centres. The corporation also insured 1,323 private sector loans under the Mobile Home Loan Insurance program.

A total of 337 senior citizens' self-contained units, 65 lodge beds, and 21 community housing units were committed under the corporation's three major social housing programs. The past operating year saw the construction of innovative projects for groups with special needs, such as Native senior citizens and the hard-to-house. These included a pilot project for seniors' housing on the Kehewin Indian Reserve and Operation Friendship's multi-purpose facility for hard-to-house seniors in Edmonton's Boyle Street-McCauley area.

Alberta Mortgage and Housing Corporation faced losses on its mortgage loan portfolio similar to those experienced by private sector lenders. In fact, the corporation's loans which were targeted to low to modest-income Albertans, were even more susceptible to foreclosures. The total number of properties held by the corporation at year end was 2,583 representing a cost of $167 million.

In assessing the value of its portfolio in relation to the general decline in property values, AMHC has provided for $360 million in possible losses, in accordance with generally accepted accounting principles. Of this amount, $50 million relates to property on which the corporation holds title, while the $310 million difference relates to a reserve for possible losses on future foreclosures.

The corporation's policy has been to hold and rent most of its foreclosed properties until they can be sold for a price equal to or greater than the original loan amount, rather than marketing them immediately at reduced prices. This policy should reduce the corporation's overall losses and should also lessen any adverse effects on the market. As a result of this policy, we do not expect to incur the total amount of losses provided for in our reserve provisions. We feel the corporation can best protect its investment, and support real estate values in the province generally, by recognizing the longer term value of these properties. As the housing market continues to strengthen, the demand for housing and prices will increase. We believe the housing stock in our owned properties portfolio will meet the need for which it was originally intended -- affordable homeownership for modest-income Albertans. In the interim, the corporation has been successful in its attempts to rent these properties.

Joseph M. Dinkelacker, President, AMHC

Alberta Mortgage and Housing Corporation has been given a challenging mandate. Our new structure should enable us to fulfill this mandate and meet the needs of our client groups. From this position we anticipate further refinements of existing programs as well as new initiatives in the years to come.

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Corporate Profile

Changes in Alberta's housing industry over the past three years required many businesses to re-examine their operations. The involvement of the Alberta government and its housing agencies was also examined, and changed accordingly. On August 1st, 1984, the amalgamation of Alberta Home Mortgage Corporation and Alberta Housing Corporation created Alberta Mortgage and Housing Corporation.

Alberta Mortgage and Housing Corporation

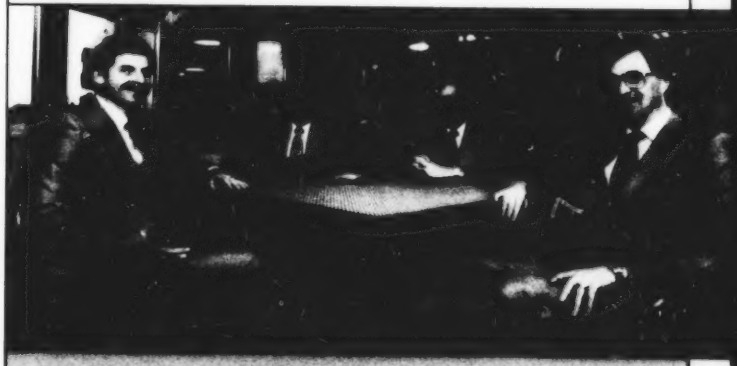
AMHC's mandate is to provide affordable housing for identified groups by developing, financing, maintaining and managing housing and land projects and providing loan insurance. A major focus of the corporation is to manage the existing land and housing projects and loan portfolios put in place by its predecessors, Alberta Home Mortgage Corporation and Alberta Housing Corporation.

AMHC operates within the context of the Alberta Housing Ministry which consists of the Department of Housing and the corporation. The direction for these two agencies is set by a Policy and Planning Co-ordinating Committee comprised of the minister and deputy minister of housing, the president of AMHC and a member of the AMHC Board of Directors. Planning and policy development is co-ordinated between the two agencies by a Planning Secretariat, which serves the corporation in both Edmonton and Calgary.

As a Crown corporation, AMHC is organizationally separate from government, reporting to the Alberta legislature through the minister of housing. The corporation's programs are funded through debenture borrowings from the Alberta Investment Division of the Heritage Savings Trust Fund and through appropriations from the general revenue fund. These government resources, combined with private sector business practices, enable AMHC to address the supply and affordability of housing for identified groups.

The corporation's activities are governed by policies set by the corporation's Board of Directors with the minister of housing as chairman. In addition to three members appointed by legislation, seven members are appointed by Order-in-Council to provide balanced input, representation from various parts of the province, and a variety of expertise into board decisions. The policies of the corporation are developed in response to the need for different housing services and current market conditions.

AMHC provides a variety of housing services for mortgagors, lenders, volunteer management agencies, municipalities, renters and developers. The corporation's programs allow for the delivery of its lending, development, property management and loan insurance functions. Some programs provide services *directly* to the recipient as in the case of loans and subsidies to low-income families or in the development of apartments and lodges for senior citizens. More typically, the corporation provides service *indirectly* through a variety of third-party relationships. For example, AMHC provides consultative and administrative services to the volunteer management boards that manage housing for senior citizens and low-income families. The lower mortgage rates developers of rental housing units receive from the corporation are passed on to renters in the form of affordable, and sometimes subsidized, rents. Corporation insurance on mobile home loans provided by private sector lenders means better lending terms for the mortgagor. A new rent supplement program offers community housing services for low-income families by making use of private sector units. The corporation's future direction is to pursue opportunities for indirect involvement through the employment of volunteer and private sector services wherever it is appropriate.



"Executive"

Clockwise from left: Terry Fikowski, Vice-President, Mortgage Lending; Darwin Bart, Vice-President, Land and Housing; Lorne Kublik, Vice-President, Finance and Administration; Joe Engelman, President.

Property Management Services

Over the past 25 years the Alberta government has constructed 134 senior citizen lodges and 402 senior citizen apartment buildings. In addition, over 305 community housing projects have been constructed.

AMHC works indirectly with volunteer management agencies through the Senior Citizens' Lodge, Senior Citizens' Self-Contained and Community Housing programs to administer these projects. Daily operation of

the facilities is the responsibility of the volunteer management agencies. The success of this relationship is evident in the volunteer groups' sensitivity to local and tenant concerns and their ability to reduce the operating costs of the projects.

AMHC's property managers, maintenance and technical staff use a team approach to provide hands-on assistance with technical and maintenance problems and consultation on financial and management issues. They also provide advice and counselling in tenant relations. The result is an indirect service to approximately 22,000 senior citizens and 9,500 low-income families. The corporation administers approximately 1,100 directly managed units through its Rural and Native, Transitional, Staff Housing and other programs.

The corporation also administers the management, rental and sale of its owned properties directly through mortgage lending staff in its branch offices. In 1984/85 AMHC received 2,225 properties through foreclosure.

Development Services

AMHC provides direct development services in areas where shelter needs cannot be met through local efforts. The corporation works with municipalities to make residential and industrial lots available through its Residential and Industrial Land Development programs. A total of 214 lots were brought on stream in Ft. McMurray during 1984/85. The corporation also actively marketed its land portfolio and was successful in selling 208 residential and industrial lots. The corporation's other land management services include land and property acquisitions, leases and land inventory.

The year 1984-85 saw the completion of 1,152 senior citizens' self-contained apartment units, 214 lodge beds, and 53 community housing units. An additional 337 self-contained units, 65 lodge beds, and 21 community housing units were also committed during this year.

In addition to building under its established programs, the corporation also provides housing for groups with special needs, such as the innovative housing project being built for elders on the Kehewin Indian Reserve. Elements of the lodge and self-contained programs are combined in this project and adapted to the culture and lifestyle of the elders. While housing on reserves is normally a federal government responsibility, this facility forms part of a pilot project which will be monitored for five years to determine what the provincial government's involvement in reserve housing should be.

Another example is Operation Friendship's unique housing facility, built by AMHC for hard-to-house seniors, 55 years of age or older, in the Boyle Street area of Edmonton. The facility is non-institutional in design, providing live-in accommodation for 40 seniors, and contains a drop-in centre for seniors in the area and general offices of the Operation Friendship agency.

Lending and Loans Administration

The corporation's current lending activity is focused on smaller centres where conventional mortgages are difficult to obtain.

A total of 1,114 loans were made through homeownership programs in 1984/85. AMHC administers a portfolio of 21,175 loans under the Alberta Family Home Purchase program and provides monthly subsidies on over 8,000 of these loans. Mortgage life insurance is also available to eligible mortgagors under the Alberta Family Home Purchase program.

Many Albertans find affordable housing in the purchase of mobile homes. Financing to developers through AMHC's Mobile Home Park Development program, promotes the development of attractive mobile home parks with modern facilities and amenities. Parkside Estates Mobile Home Park, located in Red Deer, is one example of the success of this program.

"Darrel Morrison"

Darrel lives in an apartment in Red Deer. The amount of rental accommodation available in Alberta's smaller centres is often limited. AMHC provides financing for the construction of rental projects in such centres under the Modest Apartment program. These projects may range in size from two to 24 units.

Albertans opting for apartment living may find accommodation in projects constructed through financing from AMHC. Core Housing Incentive program (CHIP) projects rent half of their suites at market rates and half at a controlled, subsidized rate to low income tenants. AMHC conducts annual reviews of market rents and tenant incomes in these subsidized units. Modest Apartment program (MAP) projects offer rental accommodation in smaller centres within Alberta, where the amount of rental accommodation is often limited.

AMHC also helps to reduce the financial burden of

growth on municipalities by financing underground water and sewer services for development of residential land through the Revolving Trunk Servicing program. New residential development in the Clarkdale Meadows subdivision of Sherwood Park was made possible through financing from this program.

Loan Insurance

AMHC serves Albertans through an indirect relationship with the private sector under the Mobile Home Loan Insurance program (MHLIP). During 1984-85, its first full year of operation, 1,323 loans were insured under this program. MHLIP provides approved private sector lenders with investment loss protection on eligible loans made to mobile home purchasers. These lenders in turn offer Albertans more favorable interest rates and lengthier amortization periods than previously would have been offered on mobile home loans.

Structure

The corporation's organizational structure provides the basis for the efficient delivery of its services.

The Finance and Administration division accounts for and controls all assets, liabilities and expenses of the corporation. Corporate and financial services are provided throughout the corporation by this division. The division is also responsible for the administration of all operating subsidies provided on projects. In addition, division staff calculate and co-ordinate federal, provincial and municipal cost-sharing arrangements for social housing projects between the three levels of government.

The Mortgage Lending division is responsible for the delivery and administration of the corporation's lending and loan insurance programs and for the direct management of corporate owned properties. The major programs include:

Alberta Family Home Purchase Program
Mobile Home Park Development Program
Mobile Home Loan Insurance Program
Modest Apartment Program
Revolving Trunk Servicing Program
Core Housing Incentive Program *

The Land and Housing division is responsible for land acquisitions and development, design and construction of projects, and management and maintenance of the land and housing portfolio. Services are provided through the following major programs:

Senior Citizens' Lodge Program
Senior Citizens' Self-Contained Program
Community Housing Program
Residential Land Banking and Development Program
Industrial Land Banking and Development Program

The Presidential Division includes internal service departments essential to the operations of the corporation. They are the Personnel, Internal Audit, Communications, and Law departments, as well as the Corporate Secretary.

Corporation offices are able to provide clients with fast service and easy access to AMHC through the decentralization of its land and housing and mortgage lending functions. Regional offices are positioned throughout the province in the Lethbridge, Calgary, Red Deer, Edmonton, St. Paul, Grande Prairie and Fort McMurray areas.

* No funding is presently available for this program.

People

Alberta Mortgage and Housing Corporation recognizes that the most important resource in any corporation is people. Success for AMHC depends on staff who continue to work at improving the quality of service, and who are able to adapt to the changing needs of their clients.

As the housing industry and the needs of Albertans change, the type of service extended to AMHC clients must also change. In 1984-85, AMHC staff responded to the changes of the amalgamation and now provide a more efficient service to volunteer management agencies, renters, mortgagors, municipalities, developers and private sector lenders. Through decentralization, employees are part of the communities in which they serve. Their efforts are essential in helping AMHC carry out its mandate -- to ensure that the people of Alberta have comfortable and affordable homes in which to live.

"Team Approach"

Clockwise from left: Lindy Rollingson, Property Manager; Dennis Marshall, Regional Property Manager; Doug Elniski, Property Manager -- Lethbridge Office. Sharon Bray, Manager, Courtland Place senior citizens' apartment complex. Decentralization of AMHC's property management function provides volunteer management agencies with easy access to services. Property management services which were previously offered out of the Edmonton and Calgary offices are now also delivered through offices in Fort McMurray, Grande Prairie, St. Paul, Red Deer and Lethbridge.

Gary van der Leek, manager, caretaker and resident of Parkdale Estates Mobile Home Park, Red Deer. AMHC provides loan insurance to approved lenders who in turn offer favorable financing to Albertans purchasing mobile homes. In addition, AMHC finances the development of attractive mobile home parks with modern facilities and amenities.

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Alberta Mortgage and Housing Corporation 1984/85 Program Activity

Senior Citizens' Self-Contained

Planning Stage	Units
Athabasca III	12
Claresholm II	8
Derwent	4
Evansburg	8
Forestburg	10
Fort McMurray II	12
Lac La Biche II	18
Mallaig	4
Mundare	6
New Sarepta	4
Raymond II	14
Wandering River	4
Total	**104**

In Progress	Units
Beaverlodge - Addition	9
Black Diamond III	20
Brooks IV	27
Calmar II	16
Camrose III	65
Cardston II	18
Castor II	12
Consort	5
Drayton Valley II	17
Edmonton - Highland Place	67
- Operation Friendship	40
High Prairie II	12
Lougheed II	6
Medicine Hat V	30
Peace River II	43
Trochu II	8
Wildwood II	4
Total	**399**

Completed	Units
Barrhead III	24
Bon Accord II	4
Boyle	8
Calgary - Anthonian Court	53
- Bethany Village	103
- Cathedral Manor Estates	115
- Friendship Manor	57
- Mount Royal Kiwanis Manor	50
- Parkdale Kiwanis Manor	50
- Wai Kwan Manor	126
Coaldale II	16
Edmonton -Ansgar Villa	176
- Virginia Park	140
High Level II	12
McLennan II	6
Olds III	30
Pincher Creek II	6
Red Deer IV	112
Smith	4
Three Hills II	10
Vegreville III	50
Total	**1,152**

Senior Citizens' Lodge

Planning Stage	Beds
Elk Point	43
Forestburg	20
Total	**63**

In Progress	Beds
Lacombe - Addition	44
Leduc - Addition	22
Peace River	40
Total	**106**

Completed	Beds
Edmonton - Virginia Park	65
Grande Prairie III	65
Stettler - Addition	40
Sundre	44
Total	**214**

Pilot Program - Senior Citizens' Housing on Reserves

Planning Stage	Units
Blackfoot Band	36
Total	**36**

In Progress	Units
Kehewin Band	14
Total	**14**

Land Programs

	Lots Provided (Sold)
C.H.A.P.	10
Residential Land Development	196
Industrial Land Development	12
Total	**218**

Community Housing

Planning Stage	Units	In Progress	Units	Completed	Units
		Claresholm	2	Lethbridge 13	7
		Pincher Creek	8	Medicine Hat 8	36
		Lac La Biche IV	8	Calgary - Social Housing	10
Total	**0**	Milk River	3	**Total**	**53**
		Total	**21**		

Transitional Housing

Planning Stage	Units	In Progress	Units	Completed	Units
		High Prairie	5	High Prairie	9
				Hinton	9
Total	**0**	**Total**	**5**	**Total**	**18**

Staff Housing

Planning Stage	Units	In Progress	Units	Completed	Units
		Cold Lake	2	Loon Lake	1
		Kananaskis - Golf Course	3	Peerless Lake	1
		Wabasca	1	Trout Lake	1
Total	**0**	**Total**	**6**	Whitney Ross	1
				Total	**4**

Homeownership

Program	Units	Amount of Loans ($'000)
Alberta Family Home Purchase Program	831	39,421
Rural and Native Housing	283	18,221
Total	**1,114**	**$ 57,642**

Rental

Program	Units	Amount of Loans ($'000)
Modest Apartment Program	94	2,798
Total	**94**	**$ 2,798**

Insurance

Program	Units	Amount of Loans ($'000)
Mobile Home Loan Insurance Program*	1,323	(28,004)
Total	**1,323**	**$ (28,004)**

* Loans provided by approved private sector lenders are insured through this program.

Land

Program	Units	Amount of Loans ($'000)
Revolving Trunk Servicing Program	-	2,548
Mobile Home Park Development Program	49 (stalls)	733
Total	**49 (stalls)**	**$ 3,281**

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Alberta Mortgage and Housing Corporation

Financial Statements

March 31, 1995

Auditor's Report

Balance Sheet

Statement of Operations and Retained Earnings

Statement of Changes in Financial Position

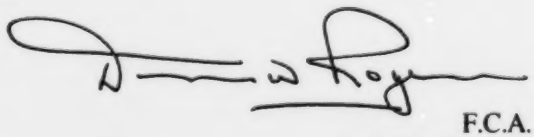
Notes to the Financial Statements

Auditor's Report

To the Board of Directors of the
Alberta Mortgage and Housing Corporation

I have examined the balance sheets of the Corporate Account and the Mortgage Insurance Fund of the Alberta Mortgage and Housing Corporation as at March 31, 1985 and the related statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1985 and the results of its operations and changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements of the Corporate Account and the Mortgage Insurance Fund applied, except for the change in the method of accounting for premiums as explained in Note 3 to the financial statements of the Mortgage Insurance Fund, on a basis consistent with that of the preceding year.



F.C.A.
Auditor General

Edmonton, Alberta
September 23, 1985

Balance Sheet
As at March 31, 1985
(thousands of dollars)

	1984
Cash and deposits (Note 3)	$ 24,065
Due from the Mortgage Insurance Fund	-
Accounts receivable	9,684
Due from the Province of Alberta	129,764
Agreements receivable (Note 4):	
Province of Alberta	4,963
Other	10,245
Investments (Schedule 1) (Note 5)	4,126,763
	$ 4,305,484
Accounts payable	$ 11,381
Holdbacks payable	9,364
Accrued interest payable	220,521
Short-term notes payable (Note 6)	42,966
Due to the Province of Alberta	-
Property tax deposits on mortgages	26,504
Due to the Mortgage Insurance Fund	66,301
Advance from the Province of Alberta (Note 7)	318,000
Long-term debt (Schedule 2)	3,610,447
	4,305,484
Deficit	-
	$ 4,305,484

The accompanying notes are part of these financial statements.

Statement of Revenue and Expenditure
For the Year Ended March 31, 1985
(Thousands of dollars)

	1984
Interest income:	
Mortgages (Note 8)	$ 306,061
Bank and other	2,507
Renegotiation fees	-
Rentals	12,287
Sales:	
Lots	8,454
Housing units	3,610
Other revenue	1,074
	333,993
Interest expense	538,382
Administration expenses (Schedule 3)	28,630
Building maintenance and expenses	6,986
Amortization of investments	7,489
Development costs written off on abandoned projects	3,825
Cost of sales:	
Lots	8,448
Housing units	3,904
Grants and subsidies	2,920
Deficit transferred from the Mortgage Insurance Fund	100,037
Provision for decline in value of land held for sale (Note 9)	1,500
	702,121
Less: Recoveries	
Canada Mortgage and Housing Corporation	34,065
Municipalities	2,749
Interest allocation to projects under construction	21,010
Other	1,327
	59,151
	642,970
Excess of expenditure over revenue for the year	(308,977)
Contribution by the Province of Alberta	308,977
Equity at end of year (Note 10)	$ -

Statement of Changes in Financial Position
For the Year Ended March 31, 1985
(thousands of dollars)

	1984
Operating transactions:	
Excess of expenditure over revenue	$ (308,977)
Non-cash items:	
Cost of sales:	
Lots	8,448
Housing units	3,904
Provision for decline in value of land	1,500
Amortization of investments	7,489
Amortization of short-term notes	453
	(287,183)
Operating advances received from the Province of Alberta	200,500
(Increase) decrease in amount due from the Mortgage Insurance Fund	72,722
Decrease in other liabilities	(19,891)
Decrease (increase) in other assets	(600)
Cash provided by (applied to) operating transactions	**(34,452)**
Investing transactions:	
Net decrease (increase) in mortgages and loans receivable	(64,827)
Investment in land and housing programs	(177,639)
Cash provided by (applied to) investing transactions	**(242,466)**
Financing transactions:	
Grid note issued	390,000
Repayment of grid note	(318,000)
Debentures issued - Province of Alberta	51,513
(Repayment to) advance from the Province of Alberta	(9,000)
Short-term notes issued	(459,770)
Repayment of short-term notes	
Repayment of long-term debt	
Cash (applied to) provided by financing transactions	**290,743**
Net increase in cash	13,825
Cash at beginning of year	10,240
Cash at end of year	**$ 24,065**

Notes to the Financial Statements
March 31, 1985

The Alberta Mortgage and Housing Corporation came into existence on August 1, 1984 as a result of the amalgamation of the Alberta Housing Corporation and the Alberta Home Mortgage Corporation, pursuant to the Alberta Mortgage and Housing Corporation Act, Chapter A-32.5, Statutes of Alberta 1984 ("the new Act").

Prior to August 1, 1984, the two predecessor Corporations operated separately under the authority of the Alberta Home Mortgage Corporation Act and the Alberta Housing Act, Chapters A-28 and A-30 respectively, Revised Statutes of Alberta 1980. Both of these Acts were repealed and replaced by the new Act.

These financial statements together with those of the Mortgage Insurance Fund reflect the combined operations of the Alberta Home Mortgage Corporation and the Alberta Housing Corporation to July 31, 1984 and the continuing Corporation, the Alberta Mortgage and Housing Corporation, from August 1, 1984.

These financial statements have been prepared in accordance with generally accepted accounting principles except for those noted under (a) fixed assets, under (b) valuation of investments - notes (i) and (ii) and under (c) revenue recognition - note (i).

(a) Fixed assets

Purchases of fixed assets used for administration purposes are charged to operations in the year of purchase and on disposal the proceeds are recorded as revenue.

(b) Valuation of investments

(i) Land programs

Land currently held for sale is stated at cost less an allowance for decline in value of an enduring nature. The aggregate amount of the allowance is adjusted at the balance sheet date based on appraisals carried out by officials of the Corporation during the year.

No provision is made for a decline of an enduring nature in the value of land held for development and/or future sale.

(ii) Housing programs

Investment in housing programs is stated at amortized cost. Amortization is equal to the redemption of the long-term debt used for financing the programs as opposed to depreciation.

(iii) Mortgages and loans receivable

No provision is made in the Corporate Account for loss on loans due to default by borrowers since the loss is provided for in the Mortgage Insurance Fund or the loans are guaranteed by the Federal Government.

(c) Revenue recognition

(i) Land programs

Revenue from the sale of lots is recorded when the required deposit is received and all other material conditions have been met. The cost of investment is reduced by the selling price and a gain or loss on a project is not recognized until all lots within that project are sold. As a result the cost of lot sales in the income statement will represent sales proceeds until all lots within the project are sold.

(ii) Housing programs

Revenue on the sale of surplus housing units is recognized only when the sales proceeds have been received in full.

(d) Consolidation

The financial statements of the Mortgage Insurance Fund have not been consolidated with these financial statements as it would not result in more informative presentation.

(e) Interest income and expense

Interest income and expense are accounted for on the accrual basis. Interest income on mortgages is recorded net of the subsidies provided by the Corporation. Subsidies take the form of lower interest rates based on one or more factors, such as the borrower's income, timing, prevailing economic conditions or the nature of the lending program.

(f) Management agencies

A substantial number of properties owned by the Corporation are managed by non-profit organizations, acting as agents of the Corporation. In these cases the operating deficits or the operating surpluses of the properties, are aggregated and recorded net by the Corporation on the statement of revenue and expenditure rather than the gross revenue and expenditure attributed to the properties.

(g) Recoveries

Contributions from Canada Mortgage and Housing Corporation and municipalities in accordance with housing program cost sharing agreements are reported in aggregate, as a deduction from expenditure, on the statement of revenue and expenditure.

(h) Capitalization of expenses

Interest costs, relating to the financing of projects under construction, are capitalized and form part of the cost of the investment in those projects.

Overhead expenses and local improvement taxes, relating to projects under construction and land held under the land programs, are capitalized and form part of the cost of the investments.

(i) Deficit

Provision for decline in value of the assets of the Corporation, set up in the Corporate Account and excluded from the operating deficit of the Corporation by the Provincial Treasurer pursuant to section 14 of the new Act, is recorded and retained as deficit of the Corporate Account.

Cash and deposits consist of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta, petty cash funds and cash in transit at March 31, 1985.

(a) Province of Alberta

This amount is equal to, and is receivable under the same terms as, the debentures issued by the Corporation to finance the building of students' residences in the Province.

(b) Other

This amount consists of receivables from municipalities resulting under agreements for the sale or development of land, and also receivables from Native Bands in respect of rural mobile home purchase agreements.

(a) Land programs

(i) Land banking and inventory

This represents the cost of land acquired for future development and sale by the Corporation and also the cost of land acquired on behalf of municipalities under land banking agreements.

(ii) Land held for sale

This represents land at cost with an allowance for decline in value of an enduring nature.

(b) Housing programs

The amortized cost of land, buildings, furniture, fixtures and equipment acquired and utilized in the delivery of housing programs is shown in total under this heading.

(c) Mortgages and loans receivable

This represents balances outstanding in respect of the amounts advanced under the lending programs inclusive of accrued interest.

Short-term notes payable are held by the Alberta Provincial Corporation Loan Fund and mature within one year.

In March 1984 the Corporation received an interest free advance in the amount of $318,000,000, which is repayable on demand, from the General Revenue Fund of the Province of Alberta of which $278,880,000 was used to redeem long-term debt. The amount outstanding at March 31, 1985 is $311,500,000.

The mortgage interest income figure is shown net of the following mortgage subsidies:

	Interest Renegotiation Subsidies	Interest Rate Subsidies	Direct Subsidies	Total Subsidies	
				1985	1984
		(thousands of dollars)			
	(a)	(b)	(c)		
Home-ownership programs	$ 23,404	$ 16,381	$ 16,212	$ 55,997	$ 53,809
Rental programs	14,341	58,183	12,697	85,221	68,673
Land programs	113	-	8	121	-
	$ 37,858	**$ 74,564**	**$ 28,917**	**$ 141,339**	**$ 122,482**

(a) Interest Renegotiation Subsidies
The Corporation offered to write-down, retroactively to the previous interest adjustment date, the interest rate on its mortgage portfolio to 12.5% from the rate specified in the mortgage document. In part, this indirect subsidy resulted in a decrease in direct subsidies.

(b) Interest Rate Subsidies
The Corporation normally provides mortgage financing at or near prevailing mortgage interest rates, however, during certain periods of time and under certain lending programs, mortgages have been provided at lower rates. The calculation of interest rate subsidies is based on the difference between the prevailing interest rate (the lowest five years National Housing Act rate available from five specified chartered banks) at the date the mortgage is issued and the reduced rate stipulated in the mortgage agreement applied to the monthly balance. In part, this indirect subsidy resulted in a decrease in direct subsidies.

(c) Direct Subsidies
The Corporation also subsidizes mortgages by providing mortgage payment reductions based on the income level of the mortgagor. The calculation of the mortgage payment subsidies is based on the amounts stipulated in the mortgage reduction agreements.

To recognize a decline of an enduring nature in the value of land currently held for sale, the Corporation recorded a provision of $2,500,000 (1984 $1,500,000). The cumulative allowance at March 31, 1985 is $19,000,000 (1984 $16,500,000).

Pursuant of section 14 of the new Act, the operating deficit of the Corporation is paid out of monies voted by the Alberta Legislature. Effective June 5, 1985, as a result of an amendment to the new Act, the Provincial Treasurer may exclude from the operating deficit all or any part of an expenditure in respect of a provision for a decline in the value of assets of the Corporation. This has resulted in the Corporation retaining a deficit of $2,500,000 in the Corporate Account at March 31, 1985.

The Corporation has commitments totalling $34,682,000 (1984 $70,776,000) with respect to unadvanced amounts on approved mortgages and loans, as well as contractual obligations with respect to investment in programs in the amount of $15,948,000 (1984 $16,120,000).

The Corporation is involved in a number of legal proceedings. Claims against the Corporation in these proceedings, which have not been reflected in the financial statements, amount to $5,090,000 (1984 $3,241,000). While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that the disposition of these cases will not have a materially adverse effect on the financial position of the Corporation.

The 1984 figures have been restated where necessary to conform to 1985 presentation.

These financial statements have been prepared and approved by management.

Schedule of Investments
As at March 31, 1985
(thousands of dollars)

Land Programs	
Land banking and inventory	[illegible]
Land held for sale	130
	[illegible]
Less: Allowance for decline in value of land held for sale	[illegible]
	310,432
Housing Programs	
Senior citizens' self-contained	560,307
Community housing	288,407
Senior citizens' lodges	113,546
Industrial and mobile home parks	38,560
Provincial staff housing	24,876
Other	21,636
	1,047,332
Less: Amortization	33,893
	1,013,439
Mortgages and Loans Receivable	
Home-ownership	[illegible]
Rental	[illegible]
Land	[illegible]
	2,803,002
	$ 4,126,763

Schedule of Long-Term Debt
As at March 31, 1985

(thousands of dollars)

Schedule 2

Particulars	Year of Maturity	Weighted Average Interest Rate %	Principal Outstanding 1984
Debentures payable			
-Province of Alberta (1)	1986	18.30	$ 33,524
	1988	11.70	52,112
	1989	13.00	138,156
	1990	13.18	281,478
	1991	16.14	55,658
	1992	16.39	39,185
	1993	16.45	121,375
	1994	17.02	128,542
	1995	16.51	44,499
	1997	14.57	67,840
	2001	15.66	440,340
	2002	14.46	470,025
	2003	12.54	318,013
	2004	14.01	-
	2006	10.06	294,143
	2007	11.94	219,178
	2008	10.82	111,864
	2009	10.52	34,015
	2010	13.19	69,153
	2011	16.32	149,380
	2012	15.18	139,587
	2013	12.53	239,517
	2015	12.51	-
			3,447,584
Canada Mortgage and Housing Corporation (2)	1986	7.88	125
	1990	8.63	26
	1998	5.81	2,160
	2000	8.00	424
	2001	8.00	388
	2022	7.85	2,661
	2023	7.55	8,335
	2024	7.88	2,790
	2025	8.03	4,888
	2026	8.01	15,678
	2027	9.47	22,131
	2028	9.97	26,058
	2029	9.58	21,159
	2030	9.54	4,645
			111,468

Schedule of Long-Term Debt

Schedule 2 (cont'd)

Particulars	Year of Maturity	Weighted Average Interest Rate %	Principal Outstanding 1984
- Other (1)	1988	11.17	45,779
Mortgages and Agreements for sale (3)			
- Province of Alberta Various			4,204
- Other Various			1,412
			5,616
			$ 3,610,447

1. Debentures with the Province of Alberta represent the investment of the Alberta Heritage Savings Trust Fund. Debentures with the Province of Alberta and other are at various interest rates ranging from 9.10% to 18.30% and are repayable by annual or semi-annual equal installments comprising principal and interest.

2. Debentures with Canada Mortgage and Housing Corporation are at various interest rates ranging from 5.75% to 10.0% and are repayable by annual or semi-annual equal installments comprising principal and interest.

3. Mortgages and agreements for sale are at various interest rates and are repayable by equal monthly or annual installments comprising principal and interest. Mortgages are secured against certain investments.

4. Approximate aggregate principal repayments due in each of the next five years are:

	1985	1984
1984/85	$ -	$ 112,812
1985/86	138,695	126,253
1986/87	158,340	143,226
1987/88	171,179	162,807
1988/89	195,162	184,961
1989/90	187,104	-

5. The repayment of principal and interest of any borrowings of the Corporation is guaranteed by the Province of Alberta.

Schedule of Administration Expenses For the Year Ended March 31, 1985

(thousands of dollars)

Schedule 3

	1984
Manpower	$ 20,631
Services	4,080
Travel and communications	2,224
Purchase of fixed assets	588
Materials and supplies	589
Staff recruitment, relocation and training	275
Staff housing subsidy	125
Valuation provisions	2
Directors' fees	28
Miscellaneous	88
	$ 28,630

Balance Sheet
As at March 31, 1985
(thousands of dollars)

	1984
Due from Corporate Account	$ 66,301
Cash and deposits (Note 4)	8,252
Accrued interest receivable	1,199
Real estate (Note 5)	23,896
Investments (Note 6)	42,536
	$ 142,184
Due to Corporate Account	$ -
Allowance for loss on claims	127,000
Unearned premium	15,184
	142,184
Deficit	-
	$ 142,184

The accompanying notes are part of these financial statements.

Statement of Revenue and Expenditure
For the Year Ended March 31, 1985
(thousands of dollars)

	1984
Investment income	$ 5,487
Premiums earned	1,385
Rental income	293
Gain (loss) on sale of bonds	(458)
Interest on writs	26
	6,733
Interest to Corporate Account	2,047
Real estate expenses	1,141
Loss on sale of real estate	750
Provision for decline in value of real estate	6,190
Provision for loss on claims	117,850
	127,978
Excess of expenditure over revenue	(121,245)
Transfer from General Reserve	21,208
	(100,037)
Deficit transferred to the Corporate Account	100,037
Deficit at end of year (Note 7)	$ -

Statement of Changes in Financial Position
For the Year Ended March 31, 1985
(thousands of dollars)

Operating Transactions:	
Excess of expenditure over revenue	[illegible]
Non-cash items:	
Amortization of discount on investments	[illegible]
Amortization of mortgage insurance premiums	[illegible]
Loss on sale of real estate	[illegible]
Provision for loss on claims	117,8[illegible]
Provision for decline in value of real estate (including writs receivable)	6,1[illegible]
	3,0[illegible]
Decrease in general reserve	[illegible]
Mortgage insurance premiums collected in advance	[illegible]
Deficit transferred to the Corporate Account	100,03[illegible]
Decrease (increase) in accrued interest receivable	(416)
Increase in accrued interest on writs receivable	(26)
Increase (decrease) in amount due to the Corporate Account	(72,722)
Cash provided by operating transactions	**30,795**
Investing Transactions:	
Real estate acquired upon foreclosure (including writs receivable) at total claim amount	(28,212)
Purchase of investments	(19,562)
Sale and maturity of investments	13,338
Sale of real estate	3,048
Cash applied to investing transactions	**(31,388)**
Decrease in cash	(593)
Cash and deposits at beginning of year	8,845
Cash and deposits at end of year	$ 8,252

Notes to the Financial Statements
March 31, 1985

The Mortgage Insurance Fund has been established by the powers conferred on the Corporation under section 11 of the Alberta Mortgage and Housing Corporation Act ("the new Act") and prior to that under section 25 of the Alberta Home Mortgage Corporation Act.

These financial statements together with those of the Corporate Account reflect the combined operations of the Alberta Home Mortgage Corporation and the Alberta Housing Corporation to July 31, 1984 and the continuing Corporation, the Alberta Mortgage and Housing Corporation, from August 1, 1984.

These financial statements have been prepared in accordance with generally accepted accounting principles.

(a) Allowance for loss on claims
This allowance represents estimated losses on claims in process and claims anticipated on mortgage loans held by the Corporate Account with repayments in arrears by more than 30 days in the case of home-ownership loans and 90 days in the case of other loans at the balance sheet date.

For the purposes of determining the allowance, loss on a claim is regarded as the difference between the balance outstanding on the loan, including accrued interest up to the date of foreclosure, and the net realizable value of the mortgaged property.

(b) Premiums

Premiums are charged on all loans issued by the Corporation and Mobile Home Loans issued by approved financial institutions under the Mobile Home Loan Insurance program.

The premiums received are recorded as deferred revenue, and are taken into income using risk factors established by the Federal Department of Insurance.

(c) Real Estate

Real estate consists of properties acquired on settlement of claims and held for sale or rental, and is valued at the lower of cost and net realizable value. Cost comprises the unpaid loan balance, including accrued interest since the last interest compounding date, and holding costs up to the date of possession.

Net realizable value is the market value as appraised by the Corporation less estimated selling expenses. The appraisal is subject to annual review.

No provision is made for the depreciation of buildings.

(d) Investments

Investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investment.

(e) Administration expenses

Expenses incurred in administering the Fund are borne by the Corporate Account and hence are not reflected in the Fund's statement of revenue and expenditure.

(f) Deficit

The deficit of the Fund is transferred to the Corporate Account except for amounts representing provisions for decline in value of assets of the Corporation recorded in the Fund and excluded from the operating deficit by the Provincial Treasurer pursuant to section 14 of the new Act. The amount so excluded, from the operating deficit, is recorded and retained as deficit of the Fund.

Premiums

In previous years premiums received were amortized over 20 years using the sum of the years' digits method. Effective April 1, 1984, the premiums are amortized using risk factors established by the Federal Department of Insurance. The effect of this change is that under the previous method the amount of amortization would have been $1,433,100, as opposed to $4,470,700 under the current method.

Cash and deposits consist of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta.

Real Estate is summarized as follows:

	1985			1984
	Real Estate at Cost	Allowance for Revaluation	Net	Net
	(thousands of dollars)			
Designated for rental	$ 146,592	$ 50,000	$ 96,592	$ -
Designated for sale	20,578	7,839	12,739	23,896
Writs receivable	2,134	2,134	-	-
	$ 169,304	**$ 59,973**	**$ 109,331**	**$ 23,896**
1984 totals	**$ 31,930**	**$ 8,034**		

The allowance for revaluation represents the excess of cost over market value. However, it is the general policy of the Corporation not to sell real estate acquired upon settlement of claims for an amount less than the original loan amount.

Investments are summarized as follows:

	1985 Par Value	1985 Cost	1984 Cost
	(thousands of dollars)		
Treasury bills and coupon notes	$ 33,271	$ 30,818	$ 14,323
Bonds and debentures:			
Government of Canada	13,400	13,454	20,725
Provincial issues, direct and guaranteed	6,500	6,471	7,488
Other	2,483	2,481	-
	$ 55,654	**$ 53,224**	**$ 42,536**
1984 Par value	**$ 44,834**		

Approximate market value is $52,096 (1984 $41,045)

In the prior year, the full amount of the deficit was transferred to the Corporate Account. Pursuant to the amendment to section 14 of the new Act, the Provincial Treasurer has excluded an amount equal to the excess of expenditure over revenue from the operating deficit of the Corporation. This has resulted in the Corporation retaining a deficit of $241,161,000 in the Fund at March 31, 1985.

The total amount of loans insured at March 31, 1985 was $2,602,341,000 (1984 $2,670,036,000).

The 1984 figures have been restated where necessary to conform to 1985 presentation.

These financial statements have been prepared and approved by management.

A • M • H • C

Board of Directors 1984/85

(Members Appointed by Legislation)

The Honourable Larry R. Shaben	Chairman	Minister of Housing
Mr. J.M. Engelman	Vice-Chairman	President
		Alberta Mortgage and Housing Corporation
Mr. M.D. Rasmusson	Deputy Minister	Department of Housing
Mr. A.F. Collins		Advisor to the Provincial Treasurer

(Appointed Members)

Mrs. J. Campbell, Mr. R.I.C. Dunham, Mr. D.G. Flanagan, Mr. B. Germaniuk, Mr. F. Lovsin, Mr. E.A. Oman

Office Locations

HEAD OFFICE	9405 - 50 Street, Edmonton, Alberta T6B 2T4 Phone: 468-3535
CENTRAL OFFICE, MORTGAGE LENDING	#500, 10050 - 112 Street, Edmonton, Alberta T5K 2L7 Phone: 482-9222 Rite: 427-1740

Branch Offices

Calgary, Alberta	2924 - 11 Street NE T2E 2L7, Phone: 250-4600, Rite: 161-7362
St. Paul, Alberta	5238 - 50 Avenue, Box 3189 T0A 3A0, Phone: 645-5600 Rite: 139-1222
Edmonton, Alberta	10350 - 124 Street T5N 3V9, Phone: 482-7581 Rite: 127-1776
Grande Prairie, Alberta	9909 - 102 Street T8V 2V4, Phone: 539-4801 Rite: 121-5386
Red Deer, Alberta	5913 Gaetz Avenue T4N 4C4, Phone: 343-7788 Rite: 151-5129
Fort McMurray, Alberta	10003 Biggs Avenue T9H 1S4, Phone: 743-7100 Rite: 136-7100
Lethbridge, Alberta	220 - 4th Street South T1J 4J7, Phone: 329-8722 Rite: 181-5598

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